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12 RLI INSURANCE COMPANY
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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA – SAN JOSE

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11 RLI INSURANCE COMPANY, an Illinois
12 corporation,
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CASE NO. 5-06-CV-05904-JF

**STIPULATION AND [PROPOSED]
ORDER OF RESCISSION**

14 Plaintiff,
15 v.
16 CASTLE ROCK INDUSTRIES, INC. dba
17 SEQUOIA CONSTRUCTION
COMPANY, a California corporation;
LEWIS C. NELSON & SONS, a
California corporation, and DOES 1
through 10,

18 Defendants.

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20 This Stipulation to Rescission and Order thereon is made by and between RLI Insurance
21 Company (“RLI”), Castle Rock Industries, Inc. dba Sequoia Construction Company (“Sequoia”),
22 and Lewis C. Nelson & Sons, Inc. (“LCN”) on behalf of themselves, and their parents,
23 subsidiaries, affiliates, divisions, holding companies, successors, predecessors, and assigns, and
24 all of their respective directors, officers, employees, agents, attorneys, partners, joint venturers,
25 trustees, and representatives (collectively, the “Parties”), by and through their counsel of record.

26 **STIPULATED FACTS**

27 The Parties hereto stipulate to the following facts:
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- 1 1. RLI issued the following general liability primary and excess insurance policies to
- 2 Sequoia in reliance on representations contained on the insurance applications submitted to RLI
- 3 by Sequoia and/or its authorized agent:

- a. Policy No. AC10002057;
 - b. Policy No. AC10005718;
 - c. Policy No. AC20003132; and
 - d. Policy No. ERX002272.

These insurance policies are collectively referred to herein as "the Policies."

9. 2. LCN was an additional insured under one or more of the Policies.

10 3. In its applications for insurance with RLI, Sequoia's projected gross receipts were
11 missated. This representation was a material misrepresentation. Sequoia's actual and projected
12 gross receipts were materially higher than those contained in the applications.

13 4. In its applications for insurance with RLI, it was represented that Sequoia did not
14 do residential construction. This representation was a material misrepresentation. Sequoia did
15 new residential construction and/or remodeling work, including work for a residential
16 development.

17 5. It is stipulated by and between the Parties that, had RLI known the true facts, it
18 would not have issued the Policies to Sequoia.

STIPULATION TO RESCISSION

Based on the foregoing Stipulated Facts, the Parties hereto agree that the Policies can and
should be rescinded pursuant to California Insurance Code sections 330 *et seq.*, and that the

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ORDER OF RESCISSION

The Court, having accepted the Stipulated Facts and finding good cause therefor hereby declares and Orders that Policy No. AC10002057, Policy No. AC10005718, Policy No. AC20003132, and Policy No. ERX002272 be and are rescinded and void *ab initio*.

IT IS SO ORDERED.

12/18/07


The Honorable Jeremy Fogel
UNITED STATES DISTRICT COURT JUDGE

1 Policies may be and are declared void *ab initio*. RLI will return to Sequoia the premium paid by
2 Sequoia with respect to the Policies.

3 DATED: August , 2007

WILLOUGHBY STUART & BENING\

4 November 29



5 By: _____

6 ALEXANDER F. STUART
7 Attorneys for Defendant LEWIS C. NELSON AND
8 SONS, INC.

9 DATED: August , 2007

10 SEDGWICK, DETERT, MORAN & ARNOLD LLP

11

12 By: _____

13 LAURA L. GOODMAN
14 Attorneys for Plaintiff RLI INSURANCE
15 COMPANY

16 DATED: August , 2007

17 BURNETT, BURNETT & ALLEN

18

19 By: _____

20 DOUGLAS ALLEN
21 Attorneys for Defendant

22 CASTLE ROCK INDUSTRIES, INC. dba
23 SEQUOIA CONSTRUCTION COMPANY

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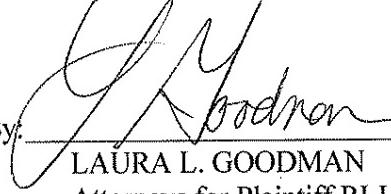
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5 By: _____

6 ALEXANDER F. STUART
7 Attorneys for Defendant LEWIS C. NELSON AND
8 SONS, INC.

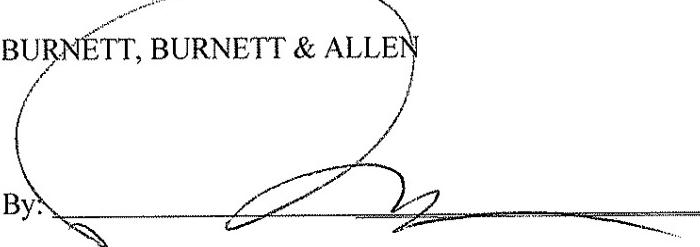
9 DATED: *August 5*, 2007 SEDGWICK, DETERT, MORAN & ARNOLD LLP

10

11 By: 
12 LAURA L. GOODMAN
13 Attorneys for Plaintiff RLI INSURANCE
14 COMPANY

15 DATED: *August 27*, 2007 BURNETT, BURNETT & ALLEN
16

17

18 By: 
19 DOUGLAS ALLEN
20 Attorneys for Defendant
21 CASTLE ROCK INDUSTRIES, INC. dba
22 SEQUOIA CONSTRUCTION COMPANY

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2 **RLI INSURANCE COMPANY**
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6 By: _____
7 Jack Lewis
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10 **CASTLE ROCK INDUSTRIES, INC. dba**
11 **SEQUOIA CONSTRUCTION**
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14 By: _____
15 Wade Peebles
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18 **LEWIS C. NELSON & SONS, INC.**
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21 By: _____
22 Charles Fletcher
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25 **SANTA MARIA JOINT HIGH SCHOOL**
26 **DISTRICT**
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29 By: _____
30 Jeffrey Hearn
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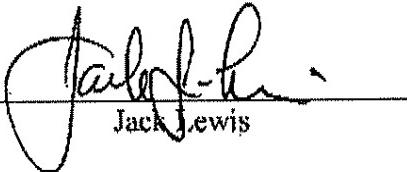
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RLI INSURANCE COMPANY

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By:


Jack Lewis

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**CASTLE ROCK INDUSTRIES, INC. dba
SEQUOIA CONSTRUCTION**

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LEWIS C. NELSON & SONS, INC.

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Charles Fletcher

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**SANTA MARIA JOINT HIGH SCHOOL
DISTRICT**

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By:

Jeffrey Hearn

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FROM-WILOUGHBY STUART & BENING

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RLI INSURANCE COMPANY

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By:

Jack Lewis

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**CASTLE ROCK INDUSTRIES, INC. dba
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Wade Peebles

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Charles Fletcher

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**SANTA MARIA JOINT HIGH SCHOOL
DISTRICT**

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By:

Jeffrey Hearn